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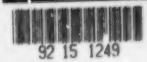
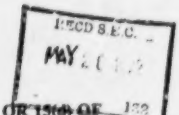


SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549



FORM 10Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF 192
THE SECURITIES EXCHANGE ACT OF 1934

L92-2232

For the Quarter Ended
March 31, 1992

Commission
File No. 33-9390

INFORMATION ANALYSIS INCORPORATED
(Exact name of Registrant as specified in its charter)

Virginia (State or other jurisdiction of incorporation or organization)	54-1167364 (IRS Employer Identification No.)
2222 Gallows Road, Suite 300 Dunn Loring, VA (Address of principal executive offices)	22027 (Zip Code)
(Registrant's telephone number, including area code)	(703) 641-0955

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of March 31, 1991:

Common Stock, par value $.01, 536,572 shares

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Part I - FINANCIAL INFORMATION

Item 1. Financial statements

INFORMATION ANALYSIS INCORPORATED

CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 1992	December 31, 1991
Current assets		
Cash and cash equivalents	$189,943	$265,411
Accounts receivable	2,938,830	2,680,009
Employee advances	48,443	46,375
Other receivables and prepayments	439,856	302,700
Total current assets	3,617,072	3,294,495
Fixed assets		
At cost, net of accumulated depreciation and amortization of $707,101 and $676,713 at March 31, 1992 and December 31, 1991, respectively.	293,367	311,527
Equipment under capital leases		
Net of accumulated amortization of $34,128 and $31,170 at March 31, 1992 and December 31, 1991 respectively.	26,720	29,679
Investments	10,000	10,000
Other assets	3,348	3,348
Total assets	$3,950,507	$3,649,049

INFORMATION ANALYSIS INCORPORATED

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1992	December 31, 1991
Current liabilities		
Accounts payable	$550,326	$289,783
Accrued liabilities	406,510	439,428
Notes payable - bank	475,000	375,000
Current portion of capital lease obligations	9,264	13,227
Current income taxes	0	0
Deferred income taxes	360,696	360,696
Total current liabilities	1,801,796	1,478,134
Capital lease obligations Net of current portion	17,835	17,835
Deferred lease payment	0	44,115
Total liabilities	1,819,631	1,540,084
Common stock, par value $0.01 1,000,000 shares authorized; 621,051 shares issued and oustanding.	6,211	6,211
Paid in capital in excess of par value	771,403	771,403
Retained earnings	1,843,787	1,796,876
Less treasury stock; 84,479 shares at cost	(490,525)	(465,525)
Total Stockholders' equity	2,130,876	2,108,965
Total liabilities and stockholders' equity	$3,950,507	$3,649,049

INFORMATION ANALYSIS INCORPORATED

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

	For the quarter ended	
	March 31, 1992	March 31, 1991
Sales		
Professional fees	$2,900,971	$1,112,554
Software sales	250,781	81,373
Total sales	3,151,752	1,193,927
Cost of sales		
Cost of professional fees	2,603,437	1,005,190
Cost of software sales	128,302	41,120
Total cost of sales	2,731,739	1,046,310
Gross profit	420,013	147,617
Selling, general and administrative expenses	350,768	320,199
Income (loss) from operations	69,245	(172,582)
Other income and expenses		
Interest income	4,963	15,157
Other income and expenses	27	2,690
Interest expense	(7,366)	(561)
Income (loss) before provision for income taxes	66,869	(155,296)
(Provision) benefit for income taxes	(19,958)	57,538
Net income (loss)	46,911	(97,758)
Retained earnings		
Beginning of period	1,796,876	2,057,975
End of period	$1,843,787	$1,960,217
Income (loss) per common and common equivalent share	$0.09	($0.17)
Weighted average common and common equivalent shares outstanding	536,572	566,671

INFORMATION ANALYSIS INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the quarter ended	
	March 31, 1992	March 31, 1991
Cash flows from operating activities		
Cash received from customers	$2,892,958	$1,258,121
Cash paid to suppliers and employees	(3,002,807)	(1,393,017)
Interest received	4,963	15,157
Interest paid	(7,366)	(561)
Income taxes paid	(19,958)	(95,000)
Net cash (used for) provided by operating activities	(132,210)	(215,300)
Cash flows from investing activities		
Loans and advances	(2,068)	6,181
Sale/purchase of non-marketable common stock	0	11,400
Acquisition of furniture and equipment, & deposits	(12,227)	(36,686)
Net cash used in investing activities	(14,295)	(19,105)
Cash flows from financing activities		
Net borrowing under bank revolving line of credit	100,000	0
Increase (reductions) in capital lease obligations	(3,963)	(3,971)
(Repurchase) of common stock	(25,000)	(57,888)
Net cash provided (used) by financing activities	71,037	(61,859)
Net increase (decrease) in cash and cash equivalents	(75,468)	(296,264)
Cash and cash equivalents at beginning of year	265,411	1,538,598
Cash and cash equivalents at end of year	$189,943	$1,242,334

Reconciliation of net income to net cash provided by operating activities

Net income (loss)	$46,911	($97,758)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	33,340	34,957
(Gain)/loss on sale of fixed assets & investments	0	(2,400)
Abatement of deferred rent	(44,115)	
Changes in operating assets and liabilities		
Accounts receivables	(258,821)	63,905
Other receivables and prepayments	(137,156)	(11,273)
Accounts payable and accrued expenses	227,625	(50,193)
Income tax liability	0	(152,538)
Net cash (used for) provided by operating activities	($132,210)	($215,300)

INFORMATION ANALYSIS INCORPORATED

Notes to Financial Statements

The interim financial statements are furnished without audit; however, they reflect all adjustments which are, in the opinion of management, necessary for the fair statement of the financial position and results of operations for the three months ended March 31, 1992 and 1991. The financial statements should be read in conjunction with the summary of significant accounting policies and notes to financial statements included in the Company's annual report for the year ended December 31, 1991.

The interim financial statements for 1992 include the accounts of the Company and its wholly owned subsidiaries - DHD Systems, Inc. and Allied Health & Information Systems, Inc.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

Results of Operations Fiscal

Revenues for the first quarter of 1992 increased by $1,957,825 or 164% compared to that of 1991. Of this increase, $1,902,753 was generated by Company's subsidiaries DHD Systems, Inc. - $1,377,983 and Allied Health & Information Systems, Inc. - $524,770. The parent company's revenue increased by 5% or $55,072 compared to the same period in 1991. The subsidiaries were not in existence in the first quarter of 1991. Cost of sales as a percentage of sales declined by 1% from 87.6% in 1991 to 86.7% in 1992. Selling, general and administrative expenses declined from 26.8% of sales in 1991 to 11.1% of sales in 1992. Actual selling, general and administrative expenses for the first quarter of 1992 were $112,678 higher than that of 1991. However, this increase was offset by rent abatement and credit received during the same period totalling $82,109. Without the benefits from the credit and abatement, the total selling, general and administrative expenses for the first quarter of 1992 would have been 14.7% of sales.

Liquidity and Capital Resources

After a net $100,000 increase in additional borrowing, the Company's cash position declined by $75,468 during the first quarter of 1992. This was primarily due to increases in receivables and prepayments. Management believes that the combination of its cash on hand and available credit line will provide sufficient resources required for current working capital needs.

The Company has no material commitments for capital expenditures.

PART II - FINANCIAL INFORMATION

Item 5. Other Information

Item 6. Exhibits and Reports on Form 8-K

(b) No reports on Form 8-K were filed by the registrant during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Information Analysis Incorporated
(Registrant)

Date: May 20, 1992

By: _____
Sandor Rosenberg
Chairman of the Board
and President